

**SAN JUAN COUNTY CONSERVATION DISTRICT**  
**San Juan County, Washington**  
**January 1, 1992 Through December 31, 1996**

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**Schedule Of Findings**

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1. The San Juan County Conservation District Should Improve Internal Controls Over Its Receipting System

**Description of the Condition**

Our review of the San Juan County Conservation District's records indicated it received revenues of approximately \$3,400, \$14,600, \$18,200, \$16,700, and \$14,000, in 1992, 1993, 1994, 1995, and 1996, respectively. The results of our testing indicated the following exceptions:

- a. The district did not consistently receipt all revenues using official district receipts. Proper use of receipts helps the district establish the official who is responsible and accountable for handling and depositing the funds. In the absence of established accountability for funds, the district increases the risk money could be lost or stolen.
- b. The district did not deposit all funds intact or on a timely basis. We noted a receipt for \$52.85 which was never deposited at the district's bank. When receipts are not deposited intact or on a timely basis, the district increases the risk money could be lost or stolen.
- c. The district did not maintain adequate documentation to indicate they had deposited all revenues intact. Adequate documentation is necessary in order to isolate and prove the validity of all district transactions.

**Cause of the Condition**

The San Juan County Conservation District had very little activity in prior years. District management did not consider receipts necessary and indicated they kept track of all of the revenues in their files. District supervisors were not aware of the specific procedures necessary to support and prove the validity of each revenue transaction.

**Effect of the Condition**

Due to the absence of an adequate receipting function at the district, we cannot be assured all moneys received by the district were deposited. Such a weakness reduces the district's control over public moneys and increases the risk of loss or misuse.

**Recommendations**

We recommend the district improve controls over cash receipts by instituting the

following procedures:

- a. The district should institute the use of a two-part, prenumbered cash receipt form preprinted with the district's name for all district revenues. The design of the form should include, at a minimum:
  - 1) Date, payor, and amount
  - 2) Description of receipt
  - 3) Mode of payment (i.e., check, cash)
  - 4) Signature of the person accepting the receipt
- b. The district should deposit receipts intact and on a timely basis.
- c. The district should maintain all documents necessary to establish accountability over district funds and transactions. Documentation maintained should be sufficient to indicate which receipt sequence numbers support each individual bank deposit.

### **District's Response**

*A district supervisor, who was also the district's treasurer during the audit period, had the following response:*

- a. *Beginning in spring of this year, receipting had been changed by the administrative assistant who is now assisting the district's treasurer. Guidelines now being adhered to are those provided during the preliminary audit in June of 1997.*

*The recommendation for receipting will be adhered to as set forth in the Audit Finding.*
- b. *There is still some question as to receipt of the \$52.85 mentioned in the audit. The person who wrote out the receipt does not remember the circumstances and thinks possibly it was in error or the order was cancelled. No further action contemplated.*
- c. *Other recommended changes to procedures have already been implemented within the district with regards to the monthly treasury report and procedures for paying bills receipted by the district.*
- d. *It has been recommended and concurred by the district supervisors that when some form of financial training is available for our administrative assistant, that person will attend to better insure compliance of current state auditing requirements.*

*One point in question which needs to be addressed. As the treasurer for several years (May 1993 - April 1997) never once was I informed that the annual treasurer's report being submitted was in error and that required procedures were not being adhered to.*

*I was responsible and accept that, however, it would have been nice if during this time frame someone had mentioned there were some inconsistencies or changes which needed to be made to accounting procedures. I recommend that the*

*district's annual treasurer's report be reviewed and at a minimum, acknowledgement of receipt be provided.*

*Now that the district is growing in duties and responsibilities to San Juan County and it has the means to have an administrative assistant available to assist in day to day operations, I do not anticipate any difficulties in the future with regards to procedurally correct handling of district's funds.*

### **Auditor's Concluding Remarks**

The Washington State Conservation Commission is responsible for overseeing the various county conservation districts spread through out the state of Washington. the annual treasurer's report referred to in the district's reply is sent to the Commission on an annual basis. a copy of the San Juan County Conservation District's report will be forwarded to the Commission.

We would like to thank the San Juan County Conservation District, for its cooperation and assistance through out the audit process. We will review the district's corrective actions in regards to their cash receipting system, during the next regularly scheduled audit.

### **Applicable Laws and Regulations**

The following legal criteria are considered applicable to cash receipting systems:

The Washington State Constitution, Article XI, Section 15, requires prompt deposit of public funds as follows:

All money, assessments and taxes belonging to or collected for the use of any county, city, town, or other public or municipal corporation, coming into the hands of any officer thereof, shall immediately be deposited with the treasurer or other corporation respectively, for the benefit of the funds to which they belong.

RCW 89.08.070 which describes the general duties of a conservation district states in part:

In addition to the duties and powers hereinafter conferred upon the commission, it shall have the following duties and powers:

. . . (12) To establish by regulations, with the assistance of the state auditor's office, adequate and reasonably uniform accounting and auditing procedures which shall be used by conservation districts . . . .

RCW 43.09.200 which prescribes the system of accounting for local governments states in part:

The state auditor shall formulate, prescribe, and install a system of accounting and reporting for all local governments, which shall be uniform for every public institution, and every public office, and every public account of the same class.

The system shall exhibit true accounts and detailed statements

of funds collected, received, and expended for account of the public for any purpose whatever, and by all public officers, employees, or other persons.

The accounts shall show the receipt, use, and disposition of all public property, and the income, if any, derived therefrom; all sources of public income, and the amounts due and received from each source; all receipts, vouchers, and other documents kept, or required to be kept, necessary to prove the validity of every transaction . . . .

RCW 43.09.240 which applies to deposit of collections for local governments states in part:

. . . Every public officer and employee, whose duty it is to collect or receive payments due or for the use of the public shall deposit such moneys collected or received by him or her with the treasurer of the taxing district once every twenty-four consecutive hours. The treasurer may in his or her discretion grant an exception where such daily transfers would not be administratively practical or feasible . . . .